

DOCKET NO. UM 2008

**Cover Sheet for Submission of
2019 Annual ETC Certification Reports**

Name of Eligible Telecommunications Carrier: Eagle Telephone System, Inc.

Filing date: June 28, 2019

Is this: Original submission? YES

OR

Revised submission? _____

Person to contact for questions:

Name: Rusti Lattin

Phone number: 541-893-6111

E-mail address: comco@eagletelephone.com

Documents included in this filing (please check applicable items):

- ☒ CAF/ICC Support (47 CFR § 54.304)
- ☒ Rate Floor Data (47 CFR § 54.313(h))
- ☒ Form 481 (High-cost per 47 CFR § 54.313, Low-income per 54.422)¹
- ☒ HUBB Portal Broadband Deployment Data
- ☒ Affidavit for High-Cost Support

Filing deadlines: The Oregon deadlines for filing items required by 47 CFR § 54.304, 54.313, and 54.422 are the same as the deadlines for filing with the FCC. The notarized affidavit for high-cost support and HUBB deployment data must be filed no later than the due date for the FCC Form 481. Based on current information, it appears that all items other than CAF/ICC support data are due by July 1, 2019. The CAF/ICC support data is due on the same day as the ETC's interstate access tariff filing (per FCC DA 19-246, tariffs requiring 15-day notice are due on June 17, 2019, and those requiring 7-day notice are due on June 25, 2019).

¹ Lifeline-only ETCs must provide all information specified in 47 CFR § 54.422(b) even if the ETC does not submit this information to the FCC. This information is included in the following sections of the Form 481: 200 (outages), 400 (complaints), 500 (service standards), and 600 (emergency functionality).

DOCKET NO. UM 2008

If revisions to an original submission are filed with the FCC or USAC, a copy of the revisions must be filed with the Oregon Commission no later than five business days following submission to the FCC or USAC.

FILING INSTRUCTIONS

Please file submissions for this year in Docket No. UM 2008. Include this cover sheet with each filing to indicate which documents are included. Please fill in all relevant items of information on the cover sheet.

Filings must be electronically submitted to the PUC Filing Center. You may e-mail documents to puc.filingcenter@state.or.us. Please note that the upload process is no longer an option for filing. See the PUC website for further instructions. If selected portions of documents are to receive confidential treatment, those portions should not be filed electronically. You may electronically file redacted versions of documents containing confidential information, but then follow-up by sending full versions including confidential information printed on yellow paper.

After filing electronically, please send two hard copies of the filing package (cover sheet and filed information) to the PUC Filing Center. Be sure to include the original affidavit with the raised seal or notary's mark evident. Hard copies of confidential material should be filed in accordance with confidential designation requirements described in OAR 860-001-0070.

Regular delivery methods may be used to send all hard copy documents; overnight or express delivery is not necessary. Please send hard copy documents to the Filing Center via US mail using the following post office box address:

Public Utility Commission of Oregon
Attn: Filing Center
PO Box 1088
Salem, OR 97308-1088

If you send hard copy documents via means other than the US Postal Service, use the following address:

Public Utility Commission of Oregon
Attn: Filing Center
201 High Street SE, Suite 100
Salem, OR 97301

If you have any questions regarding the reporting requirements, please contact Kay Marinos at 503-378-6730 or send an e-mail to Kay.Marinos@state.or.us.

**FCC Form 481 - Carrier Annual Reporting
Data Collection Form**FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2018

<010>	Study Area Code	532369
<015>	Study Area Name	EAGLE TEL SYSTEMS
<020>	Program Year	2020
<030>	Contact Name: Person USAC should contact with questions about this data	Rusti Lattin
<035>	Contact Telephone Number: Number of the person identified in data line <030>	5418936111 ext.
<039>	Contact Email Address: Email of the person identified in data line <030>	rusti@eagletelephone.com
	Form Type	54.313 and 54.422

<010>	Study Area Code	532369
<015>	Study Area Name	EAgle TEL SYSTEMs
<020>	Program Year	2020
<030>	Contact Name - Person USAC should contact regarding this data	Rusti Lartin
<035>	Contact Telephone Number - Number of person identified in data line <030>	5410936111 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	rusti@eagletelephone.com

[illegible]

(400) Number of Complaints per 1,000 customers
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2018

<010>	Study Area Code	532369
<015>	Study Area Name	EAGLE TEL SYSTEMS
<020>	Program Year	2020
<030>	Contact Name - Person USAC should contact regarding this data	Rusti Lettin
<035>	Contact Telephone Number - Number of person identified in data line <030>	5418936111 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	rusti@eagletelephone.com
<400>	Select from the drop-down list to indicate how you would like to report voice complaints (zero or greater) for voice telephony service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	
<410>	Complaints per 1000 customers for fixed voice	
<420>	Complaints per 1000 customers for mobile voice	

(500) Compliance With Service Quality Standards and Consumer Protection Rules
Data Collection FormFCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2015

<010>	Study Area Code	532369
<015>	Study Area Name	EAGLE TEL SYSTEMS
<020>	Program Year	2020
<030>	Contact Name - Person USAC should contact regarding this data	Ruati Lettin
<035>	Contact Telephone Number - Number of person identified in data line <030>	5418936111 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	ruati1@eagletelephone.com
<515>	Certify compliance with applicable minimum service standards	

(600) Functionality in Emergency Situations
Data Collection Form

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2018

<010> Study Area Code	532169
<015> Study Area Name	EAGLES TEL SYSTEMS
<020> Program Year	2020
<030> Contact Name - Person USAC should contact regarding this data	Rusti Lattip
<035> Contact Telephone Number - Number of person identified in data line <030>	5418936111 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	rusti@eagletelephone.com
<600> Certify compliance regarding ability to function in emergency situations	Yes
<610> Descriptive document for Functionality in Emergency Situations	532369emergencyfunctionality2019.pdf

<010>	Study Area Code	532369
<015>	Study Area Name	EAGLE TEL SYSTEMS
<020>	Program Year	2020
<030>	Contact Name - Person USAC should contact regarding this data	Rusti Lettin
<035>	Contact Telephone Number - Number of person identified in data line <030>	5419936111 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	rusti@eagletelephone.com
<810>	Reporting Carrier	Eagle Telephone System, Inc.
<811>	Holding Company	Not Applicable
<812>	Operating Company	Eagle Telephone System, Inc.

[illegible]

(900) Tribal Lands Reporting
Data Collection Form

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2018

<010> Study Area Code	532369
<015> Study Area Name	EAGLE TEL SYSTEMS
<020> Program Year	2020
<030> Contact Name - Person USAC should contact regarding this data	Rusti Lattin
<035> Contact Telephone Number - Number of person identified in data line <030>	5418936111 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	rusti@eagletelephone.com

<900> Does the filing entity offer tribal land services? (Y/N)

No

<910> Tribal Land(s) on which ETC Serves

<920> Tribal Government Engagement Obligation

Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(5) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select Yes or No or Not Applicable

**(1000) Voice and Broadband Service Rate Comparability
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2018

<010>	Study Area Code	532369
<015>	Study Area Name	EAGLE TEL SYSTEMS
<020>	Program Year	2020
<030>	Contact Name - Person USAC should contact regarding this data	Rusti Lattin
<035>	Contact Telephone Number - Number of person identified in data line <030>	5418936111 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	rusti@eagletelephone.com

<1000> Voice services rate comparability certification Yes

<1010> Attach detailed description for voice services rate comparability compliance

532369voiceservice2019.pdf

Name of Attached Document

<1020> Broadband comparability certification

Yes - Pricing is no more than the most recent applicable benchmark announced by the Wireline Competition Bureau

<1030> Attach detailed description for broadband comparability compliance

532369line1010form481.pdf

Name of Attached Document

**(1100) No Terrestrial Backhaul Reporting
Data Collection Form**
**FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2018**

<010>	Study Area Code	532369
<015>	Study Area Name	EAGLE TEL SYSTEMS
<020>	Program Year	2020
<030>	Contact Name - Person USAC should contact regarding this data	Rusti Lattin
<035>	Contact Telephone Number - Number of person identified in data line <030>	5418936111 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	rusti@eagletelephone.com

<1100> Certify whether terrestrial backhaul options exist (Y/N)

<1130> Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(g).

<1140> Alaska Plan rate-of-return certification (yes, no, or not applicable) of compliance with approved performance plan.

(1200) Terms and Condition for Lifeline Customers
Lifeline
Data Collection Form

FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2018

<010>	Study Area Code	532369
<015>	Study Area Name	EAGLE TEL SYSTEMS
<020>	Program Year	2020
<030>	Contact Name - Person USAC should contact regarding this data	Rusti Lattin
<035>	Contact Telephone Number - Number of person identified in data line <030>	5418936111 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	rusti@eagletelephone.com

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

532369-2018 eagle service poster.pdf

Name of Attached Document

<1220> Link to Public Website

HTTP www.eagletelephone.com

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

- <1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, ☒
- <1222> Details on the number of minutes provided as part of the plan, ☒
- <1223> Additional charges for toll calls, and rates for each such plan. ☒

(2009) Price Cap Carrier Additional Documentation Data Collection Form Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers		FCC Form 481 OMB Control No. 3060-0086/OMB Control No. 3060-0819 July 2018
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<010> Study Area Code	532369
<015> Study Area Name	EAGLE TEL SYSTEMS
<020> Program Year	2020
<030> Contact Name - Person USAC should contact regarding this data	Rusti Lattin
<035> Contact Telephone Number - Number of person identified in data line <030>	518338111 EXT.
<039> Contact Email Address - Email Address of person identified in data line <030>	rusti@eagletelephone.com

Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR 54.313(c),(d),(e). The information reported on this form and in the documents attached below is accurate.

<2015> 2016 and future Frozen Support Certification 47 CFR § 54.313(c)(4)

Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}

<2016> Certification support used to build broadband

Connect America Phase II Reporting {47 CFR § 54.313(e)}

<2017A> Connect America Fund Phase II recipient?

<2017C> Total amount of Phase II support, if any, the price cap carrier used for capital expenditures in 2018.

<2018> Attach the number, names, and addresses of community anchor institutions to which the carrier newly began providing access to broadband service in the preceding calendar year - 54.313(e)(1)(ii)(A)

Name of Attached Document Listing
Required Information

<2019> Recipient certifies that it bid on category one telecommunications and Internet access services in response to all FCC Form 470 postings seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries located within any area in a census block where the carrier is receiving Phase II model-based support, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings - 54.313(e)(1)(ii)(C)

(3005) Rate Of Return Carrier Additional Documentation
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2018

<010>	Study Area Code	532369
<015>	Study Area Name	EAGLE TEL SYSTEMS
<020>	Program Year	2020
<030>	Contact Name - Person USAC should contact regarding this data	Rusti Lattin
<035>	Contact Telephone Number - Number of person identified in data line <030>	5418936111 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	rusti@eagletelephone.com

(3007) Does this filing retain a Cost Consultant and/or Firm, or other Third Party to prepare financial and operations data disclosures submitted to the National Exchange Carrier Association (NECA), USAC, or the Administrator?

Yes

(3007a)	(3007b)
Name of Consultant	Name of Consultant Firm/Third Party
Ira Taylor	Moss Adams

CAF BLS Reporting

- (3008A) Please indicate whether new locations were deployed during the prior calendar year. (Yes/No)
- (3008B) Please enter the number of new locations deployed in the prior calendar year associated with each of the following speed tiers.
- (3008B1) Number of newly built locations with access to broadband speeds of at least 10/1 Mbps but less than 25/3 Mbps.
- (3008B2) Number of newly built locations with access to broadband speeds of 25/3 Mbps or higher.
- (3008C) Please provide the percentage of deployment across the entire study area.

<010>	Study Area Code	532369
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<039>	Contact Email Address - Email Address of person identified in data line <030>	rusti@eagletelephone.com

Select from the drop down menu or check the boxes below to note compliance with 54.313(f)(1). Privately held carriers must ensure compliance with the financial reporting requirements set forth in 47 CFR 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3009)	Progress Report on 5 Year Plan Carrier certifies to 54.313(f)(1)(iii)	Not Applicable - No Attachment Required	
(3010A)	Certification of Public Interest Obligations (47 CFR § 54.313(f)(1)(i))	Name of Attached Document Listing Required Information	
(3010B)	Please Provide Attachment	[Redacted]	
(3012A)	Community Anchor Institutions (47 CFR § 54.313(f)(1)(ii))	Not Applicable - No Attachment Required	
(3012B)	Please Provide Attachment	Name of Attached Document Listing Required Information	
(3013)	Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2))	<input checked="" type="radio"/> Yes <input type="radio"/> No	
(3014)	If yes, does your company file the RUS annual report	<input checked="" type="radio"/> Yes <input type="radio"/> No	
Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:			
(3015)	Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)	<input checked="" type="checkbox"/>	
(3016)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows	<input checked="" type="checkbox"/>	
(3017)	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	Name of Attached Document Listing Required Information	
(3018)	If the response is no on line 3014, is your company audited?	<input type="radio"/> Yes <input type="radio"/> No	
If the response is yes on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:			
(3019)	Either a copy of their audited financial statement; or	<input type="checkbox"/>	
(3020)	(2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers	<input type="checkbox"/>	
(3021)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows	<input type="checkbox"/>	
(3022)	Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit.	<input type="checkbox"/>	
If the response is no on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:			
(3022)	Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers	<input type="checkbox"/>	
(3023)	Underlying information subjected to a review by an independent certified public accountant	<input type="checkbox"/>	
(3024)	Underlying information subjected to an officer certification.	<input type="checkbox"/>	
(3025)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows	<input type="checkbox"/>	
(3026)	Attach the worksheet listing required Information	Name of Attached Document Listing Required Information	
		[Redacted]	

(5005) Rate Of Return Carrier Additional Documentation (Continued)		FCC Form 481
Data Collection Form		OMB Control No. 3060-9586/OMB Control No. 3060-0819
		July 2015

<010> Study Area Code	532369
<015> Study Area Name	EAGLE TEL SYSTEMS
<020> Program Year	2020
<030> Contact Name - Person USAC should contact regarding this data	Rusti Lattin
<035> Contact Telephone Number - Number of person identified in data line <030>	5418936111 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	rusti@eagletelephone.com

Financial Data Summary

(3027) Revenue	4301877
(3028) Operating Expenses	3786725
(3029) Net Income	498081
(3030) Telephone Plant In Service(TPIS)	9213692
(3031) Total Assets	1520404
(3032) Total Debt	510296
(3033) Total Equity	7945055
(3034) Dividends	0

Name of Attached Document Listing Required Information

<010>	Study Area Code	532369
<015>	Study Area Name	EAGLE TEL SYSTEMS
<020>	Program Year	2020
<030>	Contact Name - Person USAC should contact regarding this data	Rustl Eattin
<035>	Contact Telephone Number - Number of person identified in data line <030>	8418936111 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	rustl@eagletelphone.com

4005 Rural Broadband Experiment

Authorized Rural Broadband Experiment (RBE) recipients must address the certification for public interest obligations and provide a list of newly served community anchor institutions.

Public Interest Obligations – FCC 14-98 (paragraphs 26-29, 78)

Please address Line 4001 regarding compliance with the Commission's public interest obligations. All RBE participants must provide a response to Line 4001.

4001. Recipient certifies that it is offering broadband meeting the requisite public interest obligations consistent with the category for which they were selected, including broadband speed, latency, usage capacity, and rates that are reasonably comparable to rates for comparable offerings in urban areas.

Community Anchor Institutions – FCC 14-98 (paragraph 79)

4003a. RBE participants must provide the number, names, and addresses of community anchor institutions to which they newly deployed broadband service in the preceding calendar year. On this line, please respond (yes – attach new community anchors, no – no new anchors) to indicate whether this list will be provided.

If yes to 4003A, please provide a response for 4003B.

4003b. Provide the number, names and addresses of community anchor institutions to which the recipient newly began providing access to broadband service in the preceding calendar year. Name of Attached Document Listing Required Information

<010>	Study Area Code	532369
<015>	Study Area Name	EAGLE TEL SYSTEMS
<020>	Program Year	2020
<030>	Contact Name - Person USAC should contact regarding this data	RUSTI LATTIN
<035>	Contact Telephone Number - Number of person identified in data line <030>	2418920111 ARE.
<039>	Contact Email Address - Email Address of person identified in data line <030>	rusti@eagletelephone.com

(5010) Do you participate in the Alaska plan? (Yes/No)

(5012)	<p>If the filing carrier identified in its approved performance plans that it relies exclusively on satellite backhaul for a certain portion of the population in its service area, indicate whether any terrestrial backhaul or other satellite backhaul became commercially available in the previous calendar year in areas that were previously served exclusively by satellite backhaul.</p>	(Yes/No)
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[illegible]

Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2019
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<010> Study Area Code	532369
<015> Study Area Name	EAGLE TEL SYSTEMS
<020> Program Year	2020
<030> Contact Name - Person USAC should contact regarding this data	Rusti Lattin
<035> Contact Telephone Number - Number of person identified in data line <030>	5418936111 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	rusti@eagletelephone.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier: EAGLE TEL SYSTEMS	
Signature of Authorized Officer: CERTIFIED ONLINE	Date 06/28/2019
Printed name of Authorized Officer: Michael Lattin	
Title or position of Authorized Officer: President	
Telephone number of Authorized Officer: 5418936111 ext.	
Study Area Code of Reporting Carrier: 532369	Filing Due Date for this form: 07/01/2019
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

**Certification - Agent / Carrier
Data Collection Form**

 FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2018

<010> Study Area Code	532369
<015> Study Area Name	EAGLE TEL SYSTEMS
<020> Program Year	2020
<030> Contact Name - Person USAC should contact regarding this data	Rusti Lattin
<035> Contact Telephone Number - Number of person identified in data line <030>	5418936111 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	rusti@eagletelephone.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent: _____	
Name of Reporting Carrier: _____	
Signature of Authorized Officer: _____	Date: _____
Printed name of Authorized Officer: _____	
Title or position of Authorized Officer: _____	
Telephone number of Authorized Officer: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier: _____	
Name of Authorized Agent Firm: _____	
Signature of Authorized Agent or Employee of Agent: _____	Date: _____
Name of Authorized Agent Employee: _____	
Title or position of Authorized Agent or Employee of Agent: _____	
Telephone number of Authorized Agent or Employee of Agent: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments



Universal Service
Administrative Co.

E-File

[USAC Home](#) | [High Cost Program](#) | [Search Tools](#) | [Form 481](#)

CONFIRMATION

Congratulations. Your filing has been successfully certified.

Filing 1 was successfully certified on Fri 28 Jun 19 06:53:07 PM EDT by mike@eagletelephone.com .

SAC : 532369

498 ID : 143002617

Carrier Name : EAGLE TEL SYSTEMS

Program Year : 2020

A confirmation email will be sent to the email address on record for your user ID. Please email USAC at HCCERTS@USAC.ORG if you do not receive this email within 24 hours.

Please take this quick survey and give us your thoughts! Your feedback will help improve the filing process. [Take Survey](#)

[Return to 481 Search](#)

[Print Confirmation Page](#)



EAGLE TELEPHONE SYSTEM

P.O. Box 178

Richland, OR 97870

Study Area Code: 532369

June 28, 2019

Voice Services Comparability Report

Pursuant to 47 C.F.R. § 54.313 (a) (10) Eagle Telephone System, Inc.; is in compliance with the requirement that voice services is no more than two standard deviations above the national average urban rate for voice service of \$47.48 as specified in Public Notice DA 15-470 issued on April 16, 2015. Eagle Telephone System, Inc.; current total local end-user rate¹ of \$18.00 (which includes a local fee of \$16.60, mandated state fees of \$1.35 and mandatory extended area service charges of \$0) is not above the standard deviation as specified in the USF/ICC Transformation Order.²

¹ Local End User Rate as defined in USF/ICC Transformation Order 26 FCC Rcd at 17751, Para. 238

² USF/ICC Transformation Order, 26 FCC Rcd at 17694, Para. 84 (footnote included) "The standard deviation is a measure of dispersion. The sample standard deviation is the square root of the sample variance. The sample variance is calculated as the sum of the squared deviations of the individual observations in the sample of data from the sample average divided by the total number of observations in the sample minus one. In a normal distribution, about 68 percent of the observations lie within one standard deviation above and below the average and about 95 percent of the observations lie within two standard deviations above and below the average."

AFFIDAVIT CERTIFYING EMERGENCY FUNCTIONALITY
54.313(a)(5) AND 54.313(a)(6)

I, Mike Lattin, being of lawful age and duly sworn, on my oath, state that I am the President of **Eagle Telephone System, Inc.** and that I am authorized to execute this Affidavit on behalf of the Company, and the facts set forth in this Affidavit are true and accurate to the best of my knowledge, information, and belief.

The Company hereby certifies to the **Oregon Public Utility Commission, Federal Communications Commission**, and the **Universal Service Administrative Company** pursuant to the requirements under 47 C.F.R. 54.313(a)(5) and 54.313(a)(6) that in the provisioning of wireline voice services:

- 1) Eagle Telephone System, Inc., is able to remain functional in emergency situations including a reasonable amount of back-up power to ensure functionality without an external power source, the ability to re-route traffic around damaged facilities, and the capability to manage traffic spikes resulting from emergency situations.
- 2) All of Eagle Telephone System, Inc. Remote AFC cabinets are equipped with generators and battery backup systems. These systems immediately kick on if the main power to the cabinets has failed. The Central Office/Switch is also equipped with a generator and battery backup system that kicks on in the event of a power failure. Any time that there is an emergency situation such as a power failure we are able to provide service to our customers.
- 3) Our main customer service office is also equipped with a generator system so that if the power is down we are still able to remain open to service customer inquiries, answer our landline phones, and take care of any other customer service issues; during normal operating hours.

DATED this 27th day of JUNE, 2019.

Eagle Telephone System, Inc.

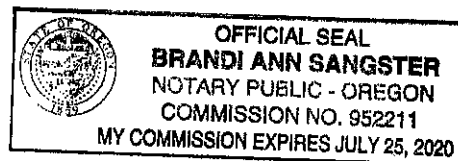
By: _____

Mike Lattin
President

SUBSCRIBED AND SWORN to before me this 27 day of June, 2019.

Brandi Ann Sangster
Notary Public in and for the State of Oregon

My Commission Expires: July 25, 2020



AFFIDAVIT CERTIFYING USE OF UNIVERSAL SERVICE FUNDS

I, Mike L. Lattin being of lawful age and duly sworn, on my oath, state that I am the President of Eagle Telephone System, Inc.; and that I am authorized to execute this Affidavit on behalf of the Company, and the facts set forth in this Affidavit are true to the best of my knowledge, information and belief.

Pursuant to the requirements of the Federal Communications Commission, 47 C.F.R. § 54.314, Eagle Telephone System, Inc.; hereby certifies to the Public Utility Commission of Oregon that it is eligible to receive federal high-cost support for the program years cited.

I attest that all federal high-cost support provided to Eagle Telephone System, Inc.; in Oregon was used in the preceding calendar year (2018) and will be used in the coming calendar year (2020) only for the provision, maintenance and upgrading of facilities and services for which the support is intended.

DATED this 27th day of June, 2019.

By: [Signature] (Officer's Name)

Its: President (Officer's Title)

SUBSCRIBED AND SWORN to before me this 27 day of June, 2019.

Brandi Ann Sangster

Notary public in and for the State of Oregon

My Commission Expires: July 25, 2020





**EAGLE TELEPHONE
SYSTEM**

P.O. Box 178

Richland, OR 97870

Study Area Code: 532369

July 1, 2019

Milestone Certification

Pursuant to 47 C.F.R. § 54.202(a) Eagle Telephone System, Inc.; provides this certification that it is taking reasonable steps to provide upon reasonable request broadband speeds of at least 4 Mbps downstream/1 Mbps upstream, with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonably comparable to offerings in urban areas as determined in an annual survey as specified in Public Notice DA 15-470, and that requests for such service are met within a reasonable amount of time. Details for how Eagle Telephone System, Inc.; is meeting its obligations for broadband goals and required obligations are specified within the FCC Form 481 annual filing.



Universal Service
Administrative Co.

USAC En Español (<http://www.usac.org/about/espanol/default.aspx>)
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Milestone Certification and Reporting

Select a fund

CAF BLS

State selected: OR

SAC selected: 532369

Fields may automatically populate based on your uploaded file.

You may edit your fields at any time.

In the table below, click a deployment year to view your uploaded locations by speed tier.

Disclaimer: This report provides feedback as data is added or removed from the HUBB. The information contained within this report is intended for informational purposes only to assist in compliance efforts and does not constitute a final determination of your compliance with the required performance obligations.

Build-out requirement (locations): 287

Deployment Year	Locations Ready For Certification	Certified Locations	% of Certified Locations	Milestone Obligation %	Milestone on Target?	Certified On	Milestone Certification Status	View History
2016	0	0	-		-	-		
2017	0	0	-		-	-		
2018	0	0	-		-	-		

Deployment Year	Locations Ready For Certification	Certified Locations	% of Certified Locations	Milestone Obligation %	Milestone on Target?	Certified On	Milestone Certification Status	View History
2019	0	0	-		-	-		
2020	0	0	-		-	-		
2021	0	0	-	100%	-	-		
Summary	0	0	-					

Show records/page

of 1 page



Universal Service Administrative Co.

The Universal Service Administrative Company (USAC) is dedicated to achieving universal service. As a not-for-profit corporation designated by the Federal Communications Commission (FCC), we administer the \$10 billion Universal Service Fund. With the guidance of the FCC policy, we collect and deliver funding through four programs that are focused specifically on places where broadband and connectivity needs are acute.

SUBMIT

Forms (<http://www.usac.org/about/tools/forms.aspx>)

Making Payments (<http://www.usac.org/cont/making-payments/default.aspx>)

NAVIGATE

Home (<http://www.usac.org/>)

About USAC (<http://www.usac.org/about/>)

Contributors (<http://www.usac.org/cont/>)

Service Providers (<http://www.usac.org/sp/>)

USAC En Español (<http://www.usac.org/about/espanol/default.aspx>)

High Cost (<http://www.usac.org/hc/>)

Lifeline (<http://www.usac.org/li/>)

Rural Health Care (<http://www.usac.org/rhc/>)

Schools and Libraries (<http://www.usac.org/sl/>)

EXPLORE

Trainings & Outreach (<http://www.usac.org/about/about/outreach/default.aspx>)

Subscription Center (<http://www.usac.org/about/tools/publications/subscription-center.aspx>)

Careers (<http://www.usac.org/about/tools/careers/default.aspx>)

Media (<http://www.usac.org/about/tools/media/default.aspx>)

Appeals & Audits (<http://www.usac.org/about/about/program-integrity/>)

Annual Report (<http://www.usac.org/about/tools/publications/annual-reports/default.aspx>)

Search Tools (<http://www.usac.org/about/tools/default.aspx>)

FCC Orders (<http://www.usac.org/about/tools/fcc/default.aspx>)

FCC Filings (<http://www.usac.org/about/tools/fcc/filings/default.aspx>)

Contact USAC (<http://www.usac.org/about/tools/contact/default.aspx>)

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**EAGLE TELEPHONE
SYSTEM**

*Report of Independent Auditors and
Consolidated Financial Statements*

Eagle Telephone System, Inc. and Subsidiary

December 31, 2018 and 2017



MOSS ADAMS

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Report of Independent Auditors

To the Board of Directors
Eagle Telephone System, Inc. and Subsidiary

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Eagle Telephone System, Inc. and Subsidiary (the Company), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the related consolidated statements of income and retained earnings, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Eagle Telephone System, Inc. and Subsidiary as of December 31, 2018 and 2017, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

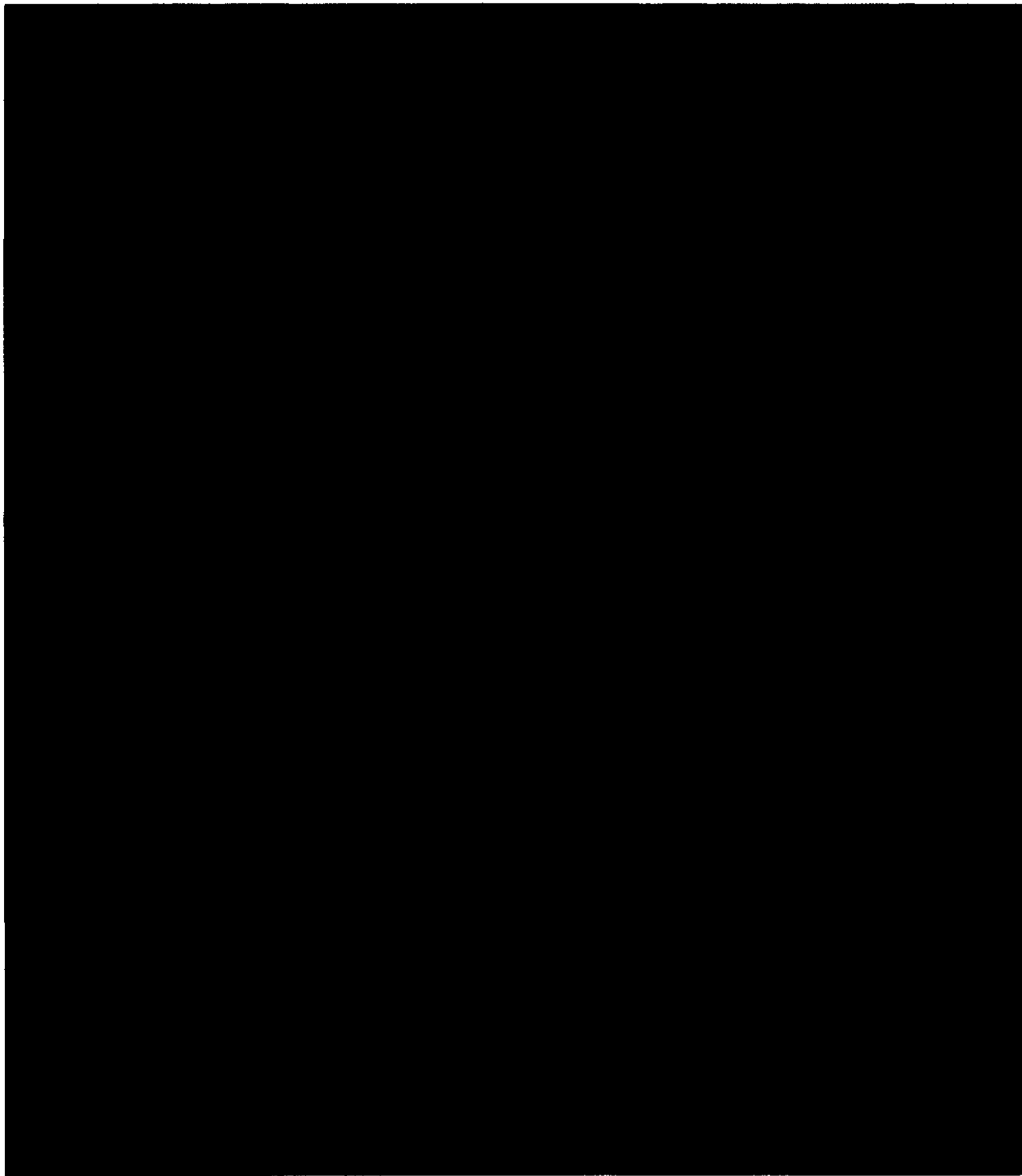
In accordance with *Government Auditing Standards*, we have also issued our report dated Error! Reference source not found. on our consideration of the Error! Reference source not found.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Eagle Telephone System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Eagle Telephone System's internal control over financial reporting and compliance.

Moss Adams LLP

Stockton, California
April 30, 2019

Consolidated Financial Statements

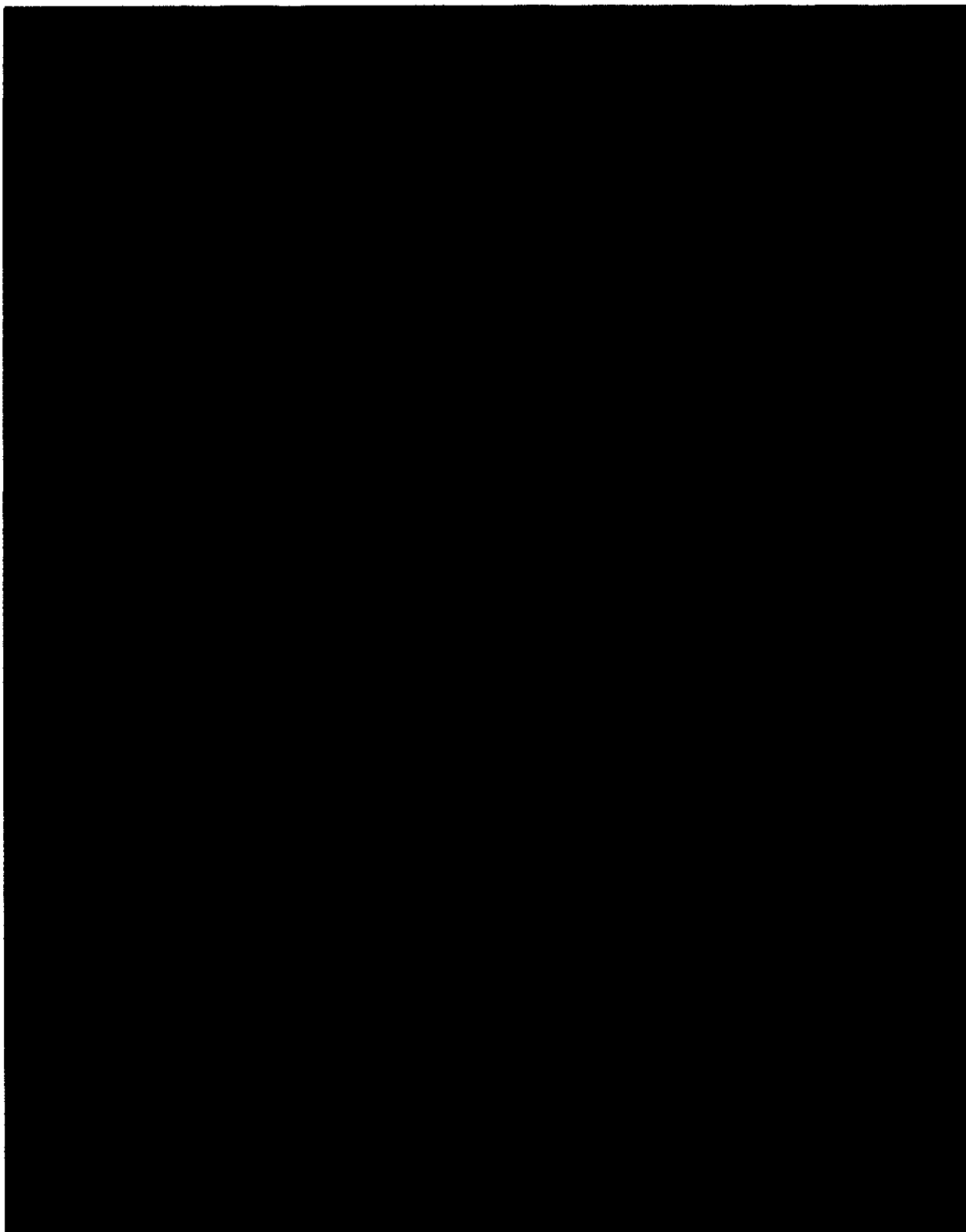
Eagle Telephone System, Inc. and Subsidiary
Consolidated Balance Sheets
December 31, 2018 and 2017




Eagle Telephone System, Inc. and Subsidiary
Consolidated Balance Sheets
December 31, 2018 and 2017



Eagle Telephone System, Inc. and Subsidiary
Consolidated Statements of Income and Retained Earnings
Years Ended December 31, 2018 and 2017



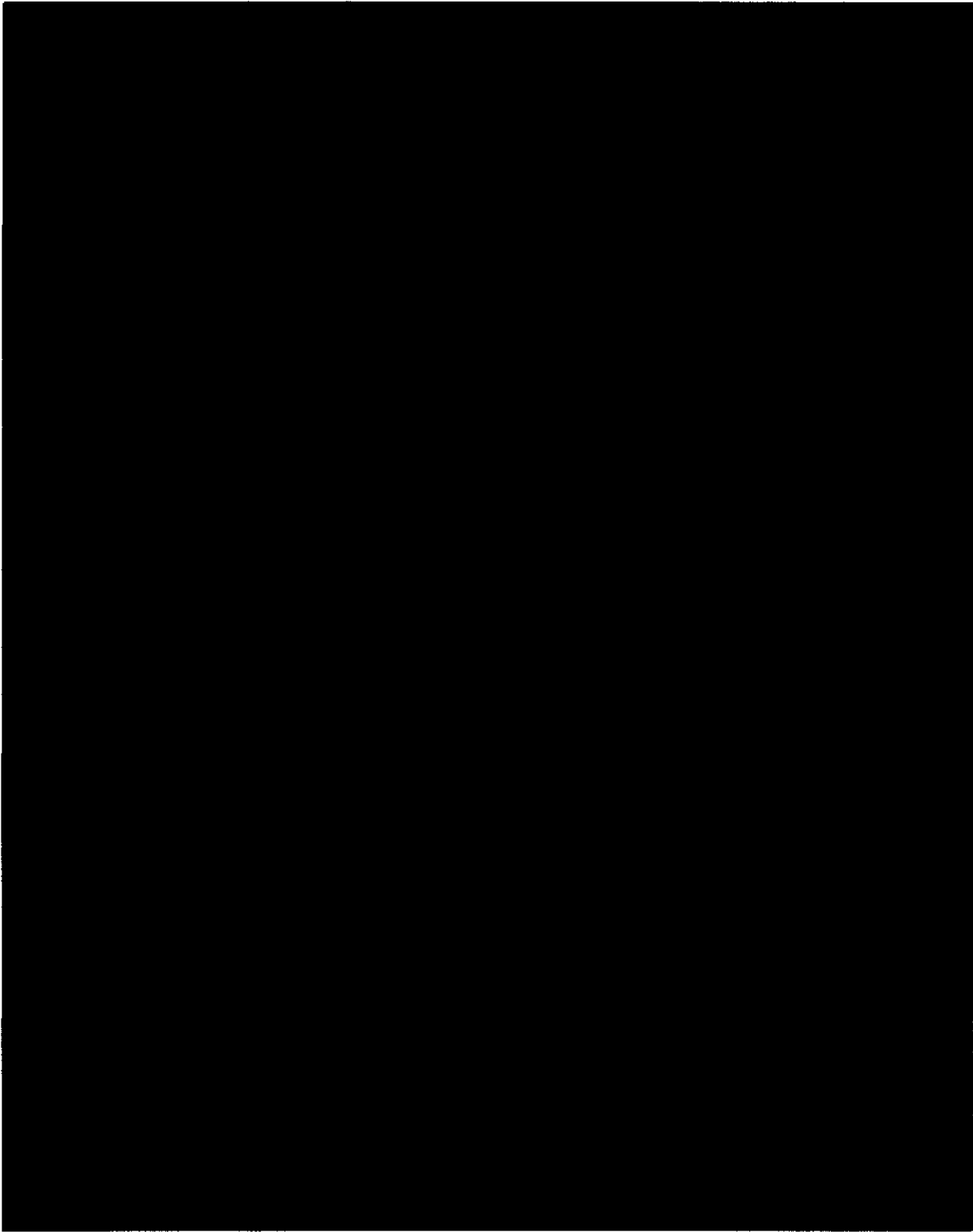
Eagle Telephone System, Inc. and Subsidiary
Consolidated Statements of Cash Flows
Years Ended December 31, 2018 and 2017



See accompanying notes.

Eagle Telephone System, Inc. and Subsidiary
Notes to Consolidated Financial Statements

Eagle Telephone System, Inc. and Subsidiary
Notes to Consolidated Financial Statements



Eagle Telephone System, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Wireless support revenues were frozen based on amounts of wireless support received in 2011 and are scheduled to be phased out over a five-year period upon implementation of the Mobility Fund Phase II.

The Company received \$1.95 million or 45% and \$1.90 million or 45% of total operating revenue from the Federal Universal Service programs in 2018 and 2017, respectively.

Regulation – The Company's services are subject to rate regulation as follows:

- Local telephone and intrastate access revenues are regulated by the OPUC. The FCC also has assumed preemptive authority to regulate intrastate telecommunications services, including intrastate terminating access rates.
- Interstate access revenues are regulated by the FCC through its regulation of rates and settlements procedures as administered by NECA.
- Federal universal service revenues are administered by the Universal Service Administrative Company (USAC) based on rules established by the FCC.
- State universal service revenues are based on rules established by the OPUC and subject to renewal every four years. State universal service revenues are approved by the OPUC through December 31, 2021.

Other sources of revenues are not rate regulated and include wireless services, internet, billing and collection services, rents, directory, equipment sales, and other incidental services.

Wireless expenses and nonregulated plant are directly attributable to nonregulated services.

All other operating expenses and property, plant, and equipment are related primarily to regulated revenues. However, some of these costs jointly relate to regulated and nonregulated services. For settlement, universal service support, rate case, and other regulatory purposes, the portion of these costs related to nonregulated activities are removed from these accounts in accordance with Part 64 of the FCC rules in order to ensure that regulated revenues are based on costs of providing regulated services.

The FCC released an Order and Further Notice of Proposed Rulemaking (FNPRM) in December 2018 that allows legacy rate of return carriers to elect model based support beginning in 2019. The Company is currently assessing the impact of the Order on its operations.

Income taxes – The stockholders of the Company have elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Therefore, all earnings and losses of the Company are included on the individual tax returns of the stockholders. Accordingly, no provision has been made for federal and state income taxes and previously recorded deferred taxes have been eliminated.

The Company records uncertain tax positions if the likelihood the position will be sustained upon examination is less than 50%. As of December 31, 2018 and 2017, the Company had no accrued amounts related to uncertain tax positions. Interest and penalties, if any, are recorded as interest expense and other expense, respectively.

Eagle Telephone System, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Taxes imposed by governmental authorities – The Company's customers are subject to taxes assessed by various governmental authorities on many different types of revenue transactions with the Company. These specific taxes are charged to and collected from the Company's customers and subsequently remitted to the appropriate taxing authority. The taxes are accounted for on a net basis and excluded from revenues.

Concentrations of credit risk – Throughout the year, cash balances with local institutions exceeded federally insured limits. A possible loss exists when cash balances with one financial institution is in excess of \$250,000. The Company minimizes this risk by utilizing several financial institutions for deposits of cash funds.

Reclassifications – For comparability, certain of the 2017 figures have been reclassified in order to conform to the 2018 presentation. These reclassifications had no effect on net income or stockholders' equity as previously reported

New accounting standards –

Revenue recognition – Beginning in 2019, the Company will adopt the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) Topic 606: *Revenue from Contracts with Customers*, using the modified retrospective method. The core principle of the standard is that a company should recognize revenue at the time goods and services are transferred to a customer in an amount that reflects the consideration the company is expected to receive. In addition, the standard requires deferral of incremental contract acquisition costs with recognition over the expected period of benefit. The adoption of the standard will also result in additional disclosures around performance obligations, deferred contract assets and liabilities, and significant judgements used by the Company in applying the new five-step revenue model. The Company is still in the process of determining the impacts of the changes.

Subsequent events – Subsequent events are events or transactions that occur after the balance sheet date, but before consolidated financial statements are issued. The Company recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the consolidated financial statements. The Company's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet, but arose after the balance sheet date and before the consolidated financial statements are available to be issued.

The Company has evaluated subsequent events through April 30, 2019, which is the date the consolidated financial statements are available to be issued.

NOTE 2 – INTANGIBLE ASSETS

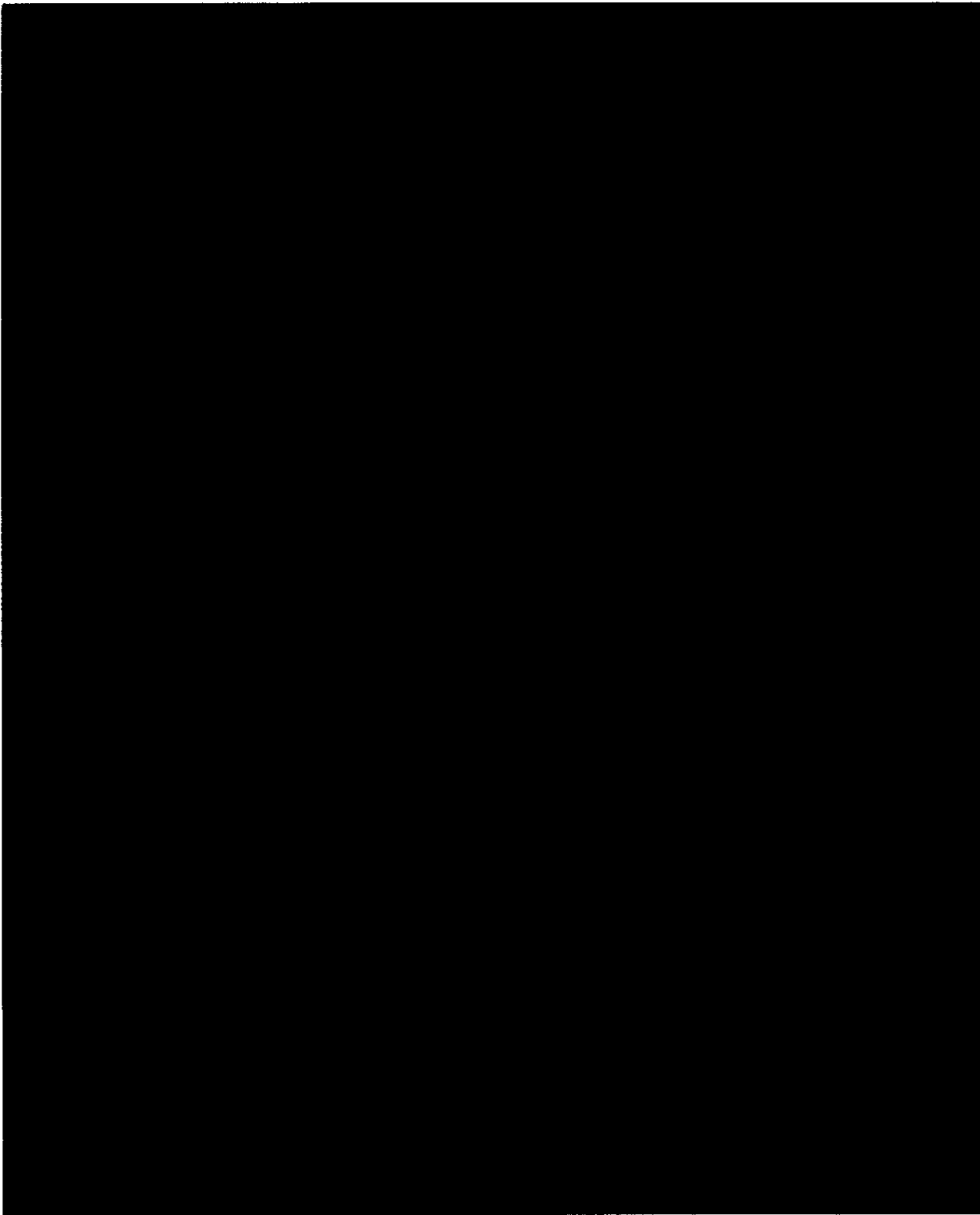
Intangible assets deemed to have indefinite lives are not amortized, but are subject to annual impairment tests. Other intangible assets are amortized over their useful lives.

Non-amortizable indefinite lived intangible assets consist of PCS and Hi-Output cellular licenses. Management has determined that its intangible assets were not impaired as of December 31, 2018.

Eagle Telephone System, Inc. and Subsidiary
Notes to Consolidated Financial Statements

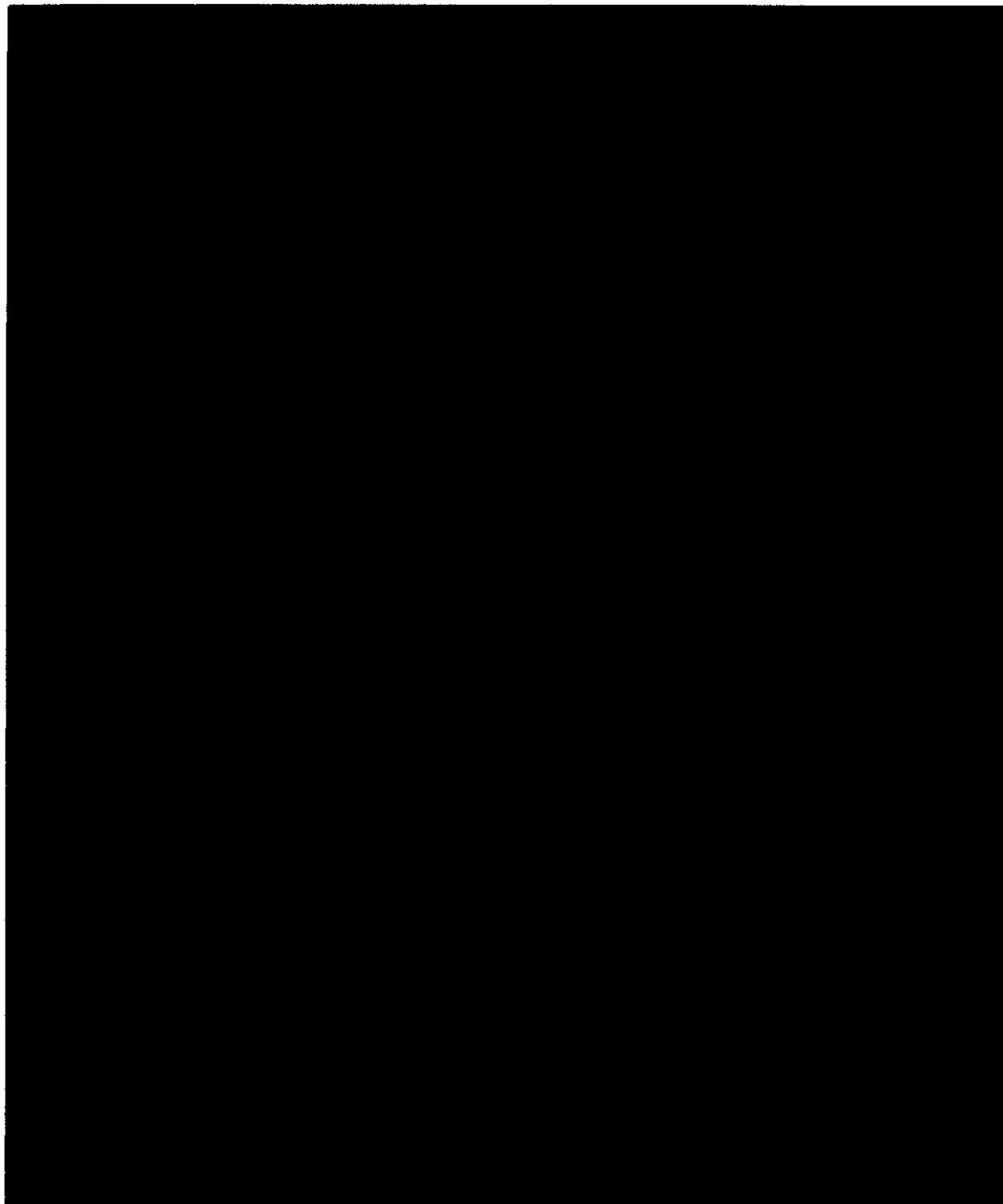


Eagle Telephone System, Inc. and Subsidiary
Notes to Consolidated Financial Statements



Eagle Telephone System, Inc. and Subsidiary
Notes to Consolidated Financial Statements

Long-term debt consists of the following at December 31:



Eagle Telephone System, Inc. and Subsidiary
Notes to Consolidated Financial Statements

NOTE 7 – PENSION PLANS

Pension benefits for substantially all employees of the Company are provided through the National Telephone Cooperative Association (NTCA) Retirement and Security Program and Savings Program (the Plans). The Retirement and Security Program is a defined benefit pension plan and the Savings Program is a defined contribution plan. The Plans are exempt from federal income taxes under the Internal Revenue Code. Quarterly contributions are made to the Retirement and Security Program and annual contributions to the Savings Program equal to amounts accrued for pension expense. The Retirement and Security Program is a master multi-employer plan, which is available to all members of NTCA. The accumulated benefits and plan assets are not determined or allocated separately by individual employer.

Employees with one year of service are allowed to make salary reduction contributions as participated in the NTCA Savings Program. The Company matches the employee's contributions up to 4%. Employees hired prior to January, 1, 2008 and with at least 1000 hours of service each year are also eligible to participate in the NTCA Retirement and Security Program. The Company makes contributions to the Plans based on each employee's compensation. Total employer contributions for the Plans for 2018 and 2017 were \$95,744 and \$80,928, respectively.

The pension plan name is Retirement & Security Program for Employees of the National Telecommunications Cooperative Association and its Member Systems. The Plan Employer Identification Number is 52-0741336/333. The information provided below is from the Plan's most recent Form 5500 filing, which covers the Plan years 2017 and 2016. At the date the consolidated financial statements were issued, Form 5500 was not available for the year ending 2018.

Pension Protection Act Zone Status		Cooperative Contributions Greater than 5% of Total Plan Contributions	Funding Improvement/ Rehabilitation Plan in Place	Surcharges Imposed	Expiration Date of Collective- Bargaining Agreements	Minimum Contributions Required in the Future
2017	2016					
At least 80% funded	At least 80% funded	No	No	Yes	N/A	No

The risks of participating in multiemployer plans are different from single employer plans as follows: (1) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, (2) if a participating employer stops contributing to the Plan, the unfunded obligations of the Plan may be borne by the remaining participating employers, and (3) if the Company chooses to stop participating in a Plan, the Company may be required to pay a withdrawal liability.



**Report of Independent Auditors on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

To the Board of Directors
Eagle Telephone System, Inc. and Subsidiary

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Eagle Telephone System, Inc. and Subsidiary (the Company), which comprise the consolidated balance sheet as of December 31, 2018, and the related consolidated statements of income and retained earnings and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 30, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Company's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Company's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Board of Directors, management, the Rural Utilities Service, and supplemental lenders and is not intended to be, and should not be, used by anyone other than these specified parties.

Moss Adams LLP

Stockton, California
April 30, 2019



Independent Auditor's Report On Compliance with Aspects of Contractual Agreements and Regulatory Requirements for Telecommunications Borrowers

To the Board of Directors
Eagle Telephone System, Inc. and Subsidiary

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Eagle Telephone System, Inc. and Subsidiary, which comprise the consolidated balance sheet as of December 31, 2018, and the related consolidated statements of income and retained earnings and cash flows for the year ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 30, 2019. In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2019 on our consideration of Eagle Telephone System, Inc. and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. No reports other than the reports referred to above and our schedule of findings and recommendations related to our audit have been furnished to management.

In connection with our audit, nothing came to our attention that caused us to believe that Eagle Telephone System, Inc. and Subsidiary failed to comply with the terms, covenants, provisions, or conditions on its loan, grant, and security instruments as set forth in 7 CFR Part 1773, Policy on Audits of Rural Utilities Service Borrowers, §1773.33, insofar as they relate to accounting matters as enumerated below. However, our audit was not directed primarily toward obtaining knowledge of noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding Eagle Telephone System, Inc. and Subsidiary's noncompliance with the above referenced terms, covenants, provisions, or conditions of the contractual agreements and regulatory requirements, insofar as they relate to accounting matters. In connection with our audit, we noted no matters regarding Eagle Telephone System, Inc. and Subsidiary's accounting and records to indicate that Eagle Telephone System, Inc. and Subsidiary did not:

- Maintain adequate and effective accounting procedures;
- Utilize adequate and fair methods for accumulating and recording labor, material, and overhead costs, and the distribution of these costs to construction, retirement, and maintenance or other expense accounts;
- Reconcile continuing property records to the controlling general ledger plant accounts;
- Clear construction accounts and accrue depreciation on completed construction;
- Record and properly price the retirement of plant;
- Seek approval for the sale, lease or transfer of capital assets and disposition of proceeds for the sale or lease of plant, material, or scrap;
- Maintain adequate control over materials and supplies;

- Prepare accurate and timely financial and operating reports;
- Obtain written RUS approval to enter into any contract, agreement, or lease with an affiliate;
- Disclose material related party transactions in the consolidated financial statements, in accordance with requirements for related parties in generally accepted accounting principles;
- Comply with the requirements for the detailed schedule of investment.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Schedule of Investment in Affiliated Company required by 7 CFR 1773.33(i), and attached to this letter, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the basic consolidated financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as whole.

See attached Schedule of Investment in affiliated company.

This report is intended solely to communicate, in connection with the audit of the consolidated financial statements, on compliance with aspects of contractual agreements and regulatory requirements for telecommunications borrowers based on the requirements of 7 CFR Part 1773. Accordingly, this report is not suitable for any other purpose.

Moss Adams LLP

Stockton, California
April 30, 2019

Eagle Telephone System, Inc. and Subsidiary
Schedule of Investment in Affiliated Company

